

Latest Issue

THE PAKISTAN DEVELOPMENT REVIEW
Volume 52, Number 2 (2013)

ABSTRACTS

**The End of Multi-Fibre Arrangement and
Firm Performance in the Textile
Industry: New Evidence**

ZARA LIAQAT

pp. 97–126

Using a sample of 321 textile and clothing companies for the years 1992 to 2010, this paper analyses the effect of quota phase-outs on firm-level efficiency in Pakistan following the end of the Multi-Fibre Arrangement (MFA). It highlights sectoral heterogeneity within the manufacturing industry as a result of MFA expiration. The empirical methodology uses the structural techniques proposed by Olley and Pakes (1996), and Levinsohn and Petrin (2003) in order to take care of endogeneity in the estimation of production functions. The results differ for the two industries: MFA expiration lead to an increase in the average productivity of textile producing firms but a significant reduction in the mean productivity of clothing producers. We offer a number of explanations for this outcome, such as a change in the input and product mix, entry by non-exporters in the clothing sector, and sectoral differences in quality ladders. A number of crucial policy lessons can be drawn from the findings of this study.

JEL Classification: F13; F14; D24; C14; O19

Keywords: Multi-Fibre Arrangement, Trade Liberalisation, Productivity, Firm Heterogeneity, Simultaneity and Production Functions, Endogeneity of Protection

Zara Liaqat <zara.25@gmail.com> is Lecturer, Department of Economics, University of Waterloo, Canada.

ICT Operational Risk Management (ORM) and Performances of a Financial SME

A. BAYAGA, S. FLOWERDAY, and R. PIDERIT

pp. 127–138

This paper investigates the relationship between ICT operational risk management (ORM) and the performance of an SME. To achieve this, this research investigated five specific elements, namely: the principal causes of ICT ORM failure in an SME; change management requirements; characteristic(s) of business information; challenges posed by new ORM solutions; and evaluation models for understanding the value of ICT ORM in SMEs. Following a literature review, an electronic survey consisting of closed ended questions was developed. This was distributed at a financial company in the Eastern Cape and 107 responses were gathered. Factor analysis was used as a data reduction technique to reduce the large number of related variables to a more manageable number. The empirical evidence presented indicated that a significant proportion of the aforementioned variables have impact on the performance of an SME. Therefore, this paper indicates that there is a strategic impact of ICT ORM on SME performance.

Keywords: SME Performance, Operational Risk Management, Information Communication Technology

A. Bayaga, S. Flowerday <flowerday@ufh.ac.za>, and R. Piderit are affiliated with the University of Fort Hare, East London, South Africa.

Policy Options for Financing Urban Transportation in Resource Constrained Environments: The Case of Lahore, Pakistan

AMMAR A. MALIK

pp. 139–155

In all prosperous and modern economies, cities are the engines of growth and melting pots of diversely talented individuals. They offer inclusive environments with openness and access to opportunities, enabled by efficient and affordable transport systems leading to economically productive interaction between citizens. On the other hand, many cities in rapidly urbanising developing countries have not been able to develop efficient spatial structures, which results in traffic congestion and poor transport services. Their resource-constrained governments often struggle to fill gaps in transport infrastructure demand, which in the case of megacities requires mass transit projects. In the case of Lahore, Pakistan, however, the Provincial and Federal governments appear deeply committed to undertaking mass transit services despite chronic fiscal and financial constraints. The paper first explores Lahore's urban form and function from the transportation and land-use perspectives, presenting an in-depth sub-city level analysis of spatial variations in key characteristics. Second, by undertaking a review of transport infrastructure financing literature it evaluates the viability of three main policy options in Lahore, including public private partnerships, municipal finance options and reforming urban land-use zoning. It concludes that governments in such environments could benefit from land-financing by utilising centrally located State-owned lands through market oriented land-use regulation reforms.

JEL Classification: R11; R58; Z18; P25

Keywords: Regional Economic Activity, Regional Development Planning and Policy, Public Policy, Urban, Rural, and Regional Economics

Ammar A. Malik <amalik8@gmu.edu> is PhD Candidate, School of Public Policy, George Mason University, USA.

Determinants of Littering: An Experimental Analysis

FATIMA SALIM KHAWAJA and ANWAR SHAH

pp. 157–168

Littering, the improper disposal of small quantities of waste, is one of the main causes of environmental degradation. To protect the environment from this degradation, we need to factor out the determinants of littering behaviour. In this study, we conduct a controlled laboratory experiment to examine whether people would avoid littering if the social cost of this behaviour was internalised. Based on the microeconomic theory relating to externality, we test whether penalising littering decreases its level compared to when it is not. The results indicate that when the cost of production of littering is internalised, the level of littering drops.

JEL Classification: C92, D62

Keywords: Litter, Externality, Private Cost, Internalisation, Experiment, Baseline Treatment, Cost Treatment

Fatima Salim Khawaja <Fatima.s@gmail.com> and Anwar Shah <anwar@qau.edu.pk> are Assistant Professors at the Department of Economics, Quaid-i-Azam University, Islamabad.
